

§ 356.23

31 CFR Ch. II (7–1–13 Edition)

Legacy Treasury Direct® reinvestment requests.

(b) *Awards to competitive bidders.* The maximum award is 35 percent of the offering amount less the bidder's net long position as reportable under § 356.13. For example, in a note auction with a \$10 billion offering amount, and therefore a maximum award of \$3.5 billion, a bidder with a reported net long position of \$1 billion could receive a maximum auction award of \$2.5 billion. When the bids and net long positions of more than one person or entity must be combined, as is the case with investment advisers and controlled accounts (See § 356.15(c).), we will use this combined amount for the purpose of this 35 percent award limit.

[69 FR 45202, July 28, 2004, as amended at 69 FR 53622, Sept. 2, 2004; 70 FR 57440, Sept. 30, 2005]

§ 356.23 How are the auction results announced?

(a) After the conclusion of the auction, we will announce the auction results through a press release that is available on our Web site at <http://www.treasurydirect.gov>.

(b) The press release will include such information as:

(1) The amounts of bids we accepted and the amount of securities we awarded;

(2) The range of accepted yields or discount rates;

(3) The proration percentage;

(4) The interest rate for a note or bond;

(5) A breakdown of the amounts of noncompetitive and competitive bids we accepted from, and awarded to, the public;

(6) The amounts of bids tendered and accepted from the Federal Reserve Banks for their own accounts;

(7) The bid-to-cover ratio; and

(8) Other information that we may decide to include.

[69 FR 45202, July 28, 2004, as amended at 74 FR 26086, June 1, 2009]

§ 356.24 Will I be notified directly of my awards and, if I am submitting bids for others, do I have to provide confirmations?

(a) *Notice of awards*—(1) *Notice to submitters.* We will provide notice to all

submitters letting them know whether their bids were successful or not.

(2) *Notice to clearing corporations.* If we are to deliver awarded securities under a delivery and payment agreement, we will provide notice of the awards to the clearing corporation that is a party to the agreement.

(b) *Notification of awards to customers.* If you are a submitter for customers, you are responsible for notifying them of their awards. You are also responsible for notifying any intermediaries that forwarded successful bids to you. Similarly, an intermediary is responsible for providing notification of any awards to its customers and any intermediaries from whom it received bids.

(c) *Notification of awards and settlement amounts to a depository institution having an autocharge agreement with a submitter or a clearing corporation.* We will provide notice to each depository institution that has entered into an autocharge agreement with a submitter or a clearing corporation of the amount to be charged, on the issue date, to the institution's funds account at the Federal Reserve Bank servicing the institution. We will provide this notification no later than the day after the auction.

(d) *Customer confirmation*—(1) *Customer requirements*—(i) *When and how must a customer confirm its awards?* Any customer awarded a par amount of \$2 billion or more in an auction must send us a confirmation in written form or via e-mail containing the information in paragraph (d)(1)(ii) of this section. The confirmation must be sent no later than 10 a.m. Eastern Time on the next business day following the auction. If sent in written form, the confirmation must be signed by the customer or authorized representative. Confirmations sent by e-mail must be sent by the customer or authorized representative. Confirmations signed or sent by an authorized representative must include the capacity in which the representative is acting.

(ii) *What must the customer include in its confirmation?* The information the customer must provide is:

(A) A confirmation of the awarded bid(s), including the name of each submitter that submitted the bid(s) on the customer's behalf, and

(B) A statement indicating whether the customer had a reportable net long position as defined in § 356.13. If a position had to be reported, the statement must provide the amount of the position and the name of the submitter that the customer requested to report the position.

(2) *Submitter or intermediary requirements.* A submitter or intermediary submitting or forwarding bids for a customer must notify the customer of the customer confirmation reporting requirement if we award the customer \$2 billion or more as a result of those bids.

[69 FR 45202, July 28, 2004, as amended at 71 FR 76151, Dec. 20, 2006; 74 FR 26086, June 1, 2009; 74 FR 47100, Sept. 15, 2009]

§ 356.25 How does the settlement process work?

Securities bought in the auction must be paid for by the issue date. The payment amount for awarded securities will be the settlement amount as defined in § 356.2. (See formulas in appendix B.) There are several ways to pay for securities:

(a) *Payment by debit entry to a deposit account.* If you are paying by debit entry to a deposit account as provided for in § 356.17 (b) and (c), we will charge the settlement amount to the specified account on the issue date.

(b) *Payment by authorized charge to a funds account.* Where the submitter's method of payment is an authorized charge to the funds account of a depository institution as provided for in § 356.17 (d), we will charge the settlement amount to the specified funds account on the issue date.

(c) *Payment through a certificate of indebtedness.* If you are paying with the redemption proceeds of your certificate of indebtedness as provided for in § 356.17(b), we will redeem the certificate of indebtedness for the settlement amount of the security and apply the proceeds on the issue date.

(d) *Payment with bids.* If you paid the par amount with your bids as provided for in § 356.17 (c)(2), you may have to pay an additional amount, or we may have to pay an amount to you, as follows:

(1) *When we owe an amount to you.* If the amount you paid is more than the

settlement amount, we will refund the balance to you after the auction. This will generally occur if you submit payment with your bids. A typical example would be an auction where the price is a discount from par and there is no accrued interest.

(2) *When you must remit an additional amount.* If the settlement amount is more than the amount you paid, we will notify you of the additional amount due. You may owe us such an additional amount if the auction calculations result in a premium or if accrued interest or an inflation adjustment is due. If your securities are to be held in TreasuryDirect®, we will collect this amount through the same payment method that you previously authorized for the transaction. If your securities are to be held in Legacy Treasury Direct®, you will be responsible for remitting this additional amount immediately.

[69 FR 45202, July 28, 2004, as amended at 70 FR 57440, Sept. 30, 2005; 73 FR 14938, Mar. 20, 2008]

Subpart D—Miscellaneous Provisions

§ 356.30 When does the Treasury pay principal and interest on securities?

(a) *General.* We will pay principal on bills, notes, and bonds on the maturity date as specified in the auction announcement. Interest on bills consists of the difference between the discounted amount paid by the investor at original issue and the par value we pay to the investor at maturity. Interest on notes and bonds accrues from the dated date. Interest is payable on a semiannual basis on the interest payment dates specified in the auction announcement through the maturity date. If any principal or interest payment date is a Saturday, Sunday, or other day on which the Federal Reserve System is not open for business, we will make the payment (without additional interest) on the next business day. If a bond is callable, we will pay the principal prior to maturity if we call it under its terms, which include providing appropriate public notice.

(b) *Treasury inflation-protected securities.* (1) This table explains the amount